

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 92-340-C - ORDER NO. 92-522<sup>1c</sup>  
JULY 8, 1992

IN RE: Dial Page, Inc. - Application	)	ORDER GRANTING
for Authority to Issue and Sell	)	AUTHORIZATION
Securities including Common	)	TO ISSUE AND SELL
Stock and Promissory Notes.	)	SECURITIES (COMMON
	)	STOCK AND NOTES)

Dial Page, Inc. (the Applicant) comes before the Public Service Commission of South Carolina (the Commission) for authorization to issue common stock and promissory notes in connection with the acquisition of the assets and business of Dial Page, L.P., a limited partnership, which provides radio common carrier service to customers in the Southeastern United States, including South Carolina.

Applicant is a corporation duly organized and existing under the laws of the State of Delaware, and is authorized to do business in the State of South Carolina. Its Restated Certificate of Incorporation authorizes the Applicant to engage in any lawful act or activity permitted for corporations organized under Delaware law.

Applicant has been organized to acquire the business and assets of Dial Page, L.P., a limited partnership, organized under the laws of the State of South Carolina, and to continue the

business now conducted by Dial Page, L.P. Dial Page, L.P.'s business is the ownership and operation of radio common carrier systems in the states of South Carolina, North Carolina, Tennessee, Georgia, and Florida. Dial Page, L.P. is the holder of a Certificate of Public Convenience and Necessity to provide radio common carrier service to customers in most of South Carolina. This Commission has previously approved the Applicant's acquisition of Dial Page, L.P.'s business and assets in South Carolina, and regulated radio common carrier business in South Carolina.

The acquisition by the Applicant of Dial Page, L.P.'s assets and business will be accomplished in the manner described in this Application. Upon the consummation of this acquisition, Applicant will be a "radio common carrier" as defined in §58-11-10(f), S.C. CODE ANN., 1976, as amended, and therefore subject to the jurisdiction of this Commission. The Commission makes the following findings of fact and conclusions of law after consideration of the Application in this case:

#### FINDINGS OF FACT

1. Applicant's authorized capital stock consists of Common Stock, Class A Non-Voting Common Stock, and Preferred Stock.

(a) Common Stock. The Applicant's charter authorizes the issuance of Fifteen Million (15,000,000) shares of Common Stock, \$0.01 par value. At present, no shares are issued or outstanding.

- (b) Class A Non-Voting Common Stock. The Applicant's charter authorizes the issuance of Three Million (3,000,000) shares of Class A Non-Voting Common Stock, \$0.01 par value. At present, no shares are issued or outstanding.
- (c) Preferred Stock. The Applicant's charter authorizes the issuance of One Million (1,000,000) shares of Preferred Stock, \$0.01 par value. At present, no shares are issued or outstanding.

2. Dial Page, Inc. was organized to acquire the assets and business of Dial Page, L.P. through a series of transactions intended to occur simultaneously as part of an integrated plan to convert the limited partnership to a corporation. After consummation of these transactions, Applicant will continue Dial Page, L.P.'s business of providing radio common carrier service to existing and new customers in the several southeastern states, including South Carolina. The transactions comprising the plan are as follows:

- (a) The Conversion Transaction. Pursuant to an agreement (the "Conversion Agreement"), Dial Page, L.P. will convey to Applicant all of its assets and business in exchange for the issuance of Five Million (5,000,000) shares of the Applicant's stock (4,137,540 shares of Common Stock; 862,460 shares of Class A Non-Voting Common Stock) (the "Conversion Shares") and the Applicant's assumption of all of Dial Page, L.P.'s liabilities. Dial Page, L.P., upon receipt of the Conversion Shares, will distribute

these shares to the partners, with the result that, upon completion of the Conversion Transaction, the owners of the partnership will be the owners of the Applicant.

(b) The Offering. Applicant has filed a registration statement on Form S-1 with the Securities and Exchange Commission to register a public offering of its Common Stock pursuant to the Securities Act of 1933. The registration statement proposes to register up to Two Million Seven Hundred Forty-six Thousand Eight Hundred (2,746,800) shares of Applicant's Common Stock (the "Offering Shares") at a maximum offering price of Eighteen and NO/100 (\$18.00) Dollars per share, for an aggregate maximum offering price of Forty-nine Million Four Hundred Forty-two Thousand Four Hundred (\$49,442,400.00) Dollars. The S-1 may be amended before becoming an effective registration statement, in which case, the maximum number of shares may be slightly increased or decreased.

(c) The Loan Transaction. Applicant has agreed in the Conversion Agreement to assume the liabilities of Dial Page, L.P. in partial payment for the assets and business. The major obligation of Dial Page, L.P. to be assumed by Applicant is a loan in the current amount of \$82 million, payable to Canadian Imperial Bank of Commerce and other banks. The Applicant has concluded negotiations with the Lenders to increase the amount of

the assumed loan from \$82 million to \$85 million. Upon assumption of the loan, Applicant will issue two (2) promissory notes (the "Promissory Notes"), totaling \$85 million in exchange for the cancellation of the existing \$82 million note. One Promissory Note, in the original maximum amount of \$72 million, may be used for capital expenditures, working capital and other corporate purposes. The credit available under the \$72 million note is reduced periodically. The other Promissory Note, in the maximum amount of \$13 million, may be used only for acquisition of radio paging businesses meeting certain criteria.

3. The issuance of the Conversion Shares and the Promissory Notes is for the purpose of acquiring the assets and business of Dial Page, L.P. The property to be acquired consists of all of the assets of Dial Page, L.P.

4. The issuance of the Offering Shares is for the purpose of raising equity capital to be used to prepay a portion of Applicant's assumed debt. The Applicant believes that the most likely price at which the Offering Shares would be initially issued is Seventeen and NO/100 (\$17.00) Dollars per share. If all Offering Shares were sold at that price, the net proceeds to the Applicant, after payment of underwriting discounts, commissions, and the expenses of the Conversion and Offering Transactions, would be \$41.7 million. The net proceeds from the sale of the Offering Shares will be used for the following purposes:

- (a) To prepay a note payable to Providence Journal Telecommunications, Inc. in the amount of \$10 million plus accrued interest of \$3.3 million. This note was issued by Dial Page, L.P. in 1989 in partial payment for the creditor's interest in Dial Page, L.P. Prepayment of this note with the proceeds of the offering will save Applicant approximately \$2.5 million annually in future interest charges.
- (b) To pay commitment and similar fees to the Lenders of approximately \$1.3 million in connection with renegotiation of the Promissory Notes.
- (c) To prepay approximately \$22.6 million of principal on the Promissory Notes, to be applied against the notes. The Applicant will save the interest charges on this prepaid amount until amounts are re-borrowed by Applicant under the terms of the separate Promissory Notes.

5. Applicant proposes to issue the following securities in connection with the Conversion Transaction and the Offering Transaction:

- (a) 5,000,000 shares of the Applicant's Common Stock, to be issued to Dial Page, L.P., in payment for the transfer of all of the partnership's assets and business.
- (b) Up to 2,800,000 shares of the Applicant's Common Stock, to be offered to the public through a fully registered public offering, at a maximum price of Eighteen (\$18.00) Dollars per share, and an anticipated price of Seventeen

(\$17.00) Dollars per share. (The Applicant requests authority to issue up to 2,800,000 shares rather than 2,746,800 shares to allow for a minor increase in the number of Public Offering shares through amendment to the S-1.)

(c) Promissory notes in the aggregate amount of \$85,000,000.00 to the Lenders.

6. The issuance of the securities described in the application will strengthen and enhance the Applicant's ability to provide quality communications service to its customers, including those in South Carolina. The application of a significant portion of the proceeds of the Public Offering to prepay the note to Providence Journal Telecommunications, Inc. will reduce the Applicant's long-term debt by \$13.33 million, and save the Applicant an estimated \$2.5 million per year in future interest expense. The prepayment of the debt due under the Promissory Notes to the Lenders will further reduce the Applicant's interest expense unless and until the Applicant draws down on the credit available under the Promissory Notes.

#### CONCLUSIONS OF LAW

1. The purposes of the issuance and sale of the Common Stock and Promissory Notes are lawful objects within the corporate purposes of Applicant, and are within the authority and purposes set forth in Applicant's charter. For the reasons set forth herein, the issuance and sale of the Conversion Shares and the Offering Shares, and the issuance of the notes, will be compatible

with the public interest, will be necessary and appropriate for, and consistent with, the proper performance by Applicant of its service to the public as a utility, will not impair its ability to perform that service, will be reasonably necessary and appropriate for such purpose, and will be in the public interest.

2. The financial condition of Dial Page, L.P. and its previous operations are shown by Annual Reports to the Commission and by other records of the Commission. In addition, detailed audited historical financial information relating to Dial Page, L.P. appears in exhibits filed with the Commission in connection with the Applicant's application. Pro Forma financial data giving effect to the transactions for which consent is sought appear in exhibits filed with the Commission. The immediate financial benefit of the successful completion of the Offering will be the reduction of Applicant's assumed liabilities by some \$35 million. Long term benefits of the Public Offering include minimum annual interest savings of approximately \$2.5 million with additional interest expense savings resulting from prepayment of the Promissory Notes.

3. The value of the assets to be obtained in the conversion of the partnership to a corporation is equal to the value of the 5 million shares of Common Stock to be issued to acquire those assets. The value of the funds to be acquired in the Public Offering is, of course, equal to the value of the Common Stock to be sold to the public.

4. The issuance of the Common Stock and Promissory Notes, in



the amounts set forth herein and in the Application, is reasonably necessary to complete the Conversion and to raise capital with which to reduce the Applicant's assumed debt.

5. Approval of the Application does not bind the Commission as to the rate-making treatment of the issuance.

6. This Order shall not, in any way, affect or limit the right, duty or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

7. This Order shall be deemed the Certificate of Authority described in §58-11-240, S.C. CODE ANN. (1976), as amended.

8. This Order is contingent on approval by the Securities and Exchange Commission of the Company's submitted S-1 form.

IT IS THEREFORE ORDERED:

1. That Dial Page, Inc. be and it is hereby authorized, empowered, and permitted to issue and sell securities (Common Stock and Promissory Notes) upon the terms and conditions set forth in its Application.

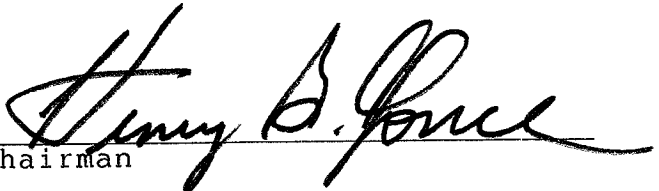
2. Approval of this Application does not bind the Commission as to the rate-making treatment of this issuance.

3. This Order shall not, in any way, affect or limit the right, duty or jurisdiction of the Commission to investigate and order revisions, modifications or changes with respect to any provision of this Order in accordance with the law.

4. This Order is contingent on approval by the Securities and Exchange Commission of the Company's submitted S-1 form.

5. That this Order shall be effective upon issuance and shall remain in full force and effect until further orders of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)